



# DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

February 15, 2012

Volume 3 No. 7

## MACROECONOMIC SNAPSHOT

### Bank credit ratings face downward pressure

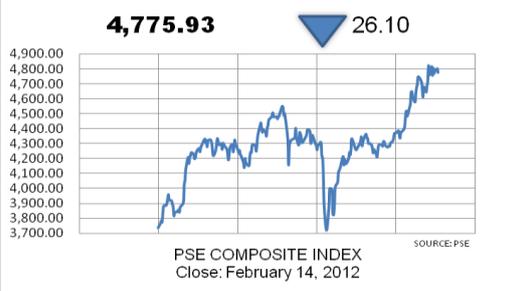
Moody's Investors Service said banks in the Philippines face downward pressures on their credit ratings following the move of BSP to scrap the interest paid on their reserves. Moody's said that the loss of interest income resulting from the lifting of interest on reserves—the proportion of deposits held by banks that must remain untouched to ensure liquidity in the system—could lead to a decline in incomes and, in turn, in a deterioration of credit standings. The credit-rating firm also said that the decline in interest earnings might create the tendency for banks to increase lending even to credit-risky borrowers just to recover the loss in interest income, thereby increasing their chances of having higher exposure to bad debts. (Philippine Daily Inquirer)

### EU ready for free trade with PHL

The European Union is ready to negotiate a free-trade agreement with the Philippines as soon as essential reforms to improve investment climate, such as protection of intellectual-property rights, legal certainty in protecting investors and transparency in contracts are in place. EU Ambassador to the Philippines Guy Ledoux said the EU is concluding free-trade negotiations with Malaysia and Singapore and is now eyeing similar agreements with Indonesia and Vietnam. He said the EU is aware of the Philippines's interest to negotiate a similar trade deal with the EU. He said investment climate will be conducive if the government took up the following measures: IPR protection through legal means; a level playing field for companies through effective, transparent competition policies and legislation that will attract efficient and innovative businesses; transparent rules and procedures for public procurement; legal certainty and protection for domestic and foreign investors; and conducive customs procedure that will ensure smooth flow of goods. (BusinessMirror)

### Japanese economy's fourth-quarter fall worse than expected

Japan's economy shrank much more than expected in the fourth quarter, as Thai floods, a strong yen and weak demand hurt exports, casting doubt on hopes for a quick pickup in activity that could bolster government plans to raise the sales tax. Prime Minister Yoshihiko Noda needs to persuade a sceptical public that the economy is strong enough to double the sales tax without prolonging the stagnation that has plagued the country for two decades. But GDP data showing economic output fell 0.6% in the fourth quarter will not help his cause and could translate into increased political pressure on the Bank of Japan to use some of its limited policy firepower. (BusinessWorld)



## FINANCIAL TRENDS

### Local shares close 0.5% lower

Local shares closed lower yesterday as investors continued to take profit amid overbought market conditions. Philippine Stock Exchange index fell 0.5% to 4775.93, with most of the sub-indexes in the red, except for the financial sector. (Manila Bulletin)

### Peso weakened by Moody's downgrade of 6 Euro

The peso closed weaker on the second trading day of the week as the market reacted negatively to the move of Moody's Investors Service to downgrade the credit ratings of six European economies over their debt problems. The local currency closed at 42.75 against the US dollar, down by 31 centavos from the previous day's finish of 42.44:\$1. (Philippine Daily Inquirer)

## INDUSTRY BUZZ

### 'Greening' of truck fleets pushed

A toolkit has been developed with a support from the Asian Development Bank (ADB) to promote the "greening of trucks" plying the Asian region. An advocacy undertaking of the Clean Air Initiative for Asian Cities, the "green trucks toolkit" will assist companies in reducing their fuel use and emissions. According to CAI-Asia executive director Sophie Punte, "the potential to improve fuel efficiency and reduce emissions is enormous, yet truck companies often lack information on technologies and strategies to make their operations greener and more efficient." The targeted "greening" of road freights will not only set its focus in the Philippines, but across the Asian region. (Manila Bulletin)

### Mazda aims to raise China sales 26%

Mazda Motor Corp. said it aims to boost sales in China 26% this year to 270,000 cars. Given a recent slowdown in sales growth in China, "there's no doubt this is an aggressive plan," Mazda spokesman Naoto Oikawa said, "but we aim to achieve the goal through beefing up our sales network, as well as improving our product lineup." Mazda forecast that China's overall demand for vehicles will rise 8% this year from last. Sales rose about 5% last year. Mazda has a joint venture with China's Chongqing Changan Automobile Co. and Ford Motor Co. of the U.S. Mazda operates a separate joint venture with China FAW Group Corp. (The Wall Street Journal)

	Tuesday, February 14 2012	Year ago
Overnight Lending, RP	6.25%	6.50%
Overnight Borrowing, RRP	4.25%	4.50%
91 day T Bill Rates	0.919%	3.85%
Lending Rates	7.6045%	7.79%

